




**City of Santa Barbara**  
Airport Department

**DATE:** March 19, 2014  
**TO:** Airport Commission  
**FROM:** Hazel Johns, Acting Airport Director   
**SUBJECT:** Fuel Flowage Fees for FY2015

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**RECOMMENDATION:**

That Airport Commission approve Fiscal Year 2015 aviation fuel flowage fees of \$.08 for Jet A, \$.05 for AvGas, and \$.04 for commercial carriers, per gallon of fuel sold.

**DISCUSSION:**

Background

There are currently three providers of aviation fuel on the Airport, Signature Flight Support and Atlantic Aviation, which have fuel farms storing and delivering Jet A and AvGas, and MAG Aviation which maintains an AvGas self-fueling tank. The rental for the fuel facilities is a ground rent or fuel flowage fee whichever is greater. The fuel flowage fee for all fuel sold is \$0.05 per gallon. This rate was established more than 35 years ago and has never been adjusted.

Current Airport policy exempts commercial air carriers and military aircraft from payment of fuel flowage fees. Policies and prices similar to that of Santa Barbara were the industry standard at the time that the fuel flowage fee was imposed.

Changes in the Industry

However, in the last ten years many airports have moved to a two-tier system, with one fee charged for AvGas and a higher fee charged for Jet A. Airports frequently also charge fuel flowage fees to commercial carriers.

Attached is a 2012 survey of 34 airports throughout the U.S. conducted by the Western Region Association of Airport Property Managers, regarding fuel flowage charges and practices. Only nine airports had fuel flowage fees of five cents or less. Two of those nine intended to implement increases in 2013. Half of the Airports surveyed had no exemptions of any kind from the payment of fuel flowage fees. Of the airports that gave exemptions, all exempted military aircraft, and some exempted signatory airlines (airlines with term agreements). Others have charged a reduced rate to signatory carriers and the full fee to non-signatory carriers (carriers without term agreements).

### Proposed Increase to SBA Fuel Flowage Fees

The current and proposed fuel flowage fees for FY2015 are as follows:

<b>Current:</b>		
	AvGas	\$.05 per gallon sold
	Jet A	\$.05 per gallon sold
	Commercial Carriers	Excluded from flowage fees
<b>Proposed FY2015:</b>		
	AvGas	\$.05 per gallon sold
	Jet A	\$.08 per gallon sold
	Commercial Carriers	\$.04 per gallon sold

A new fuel flowage fee of \$0.04 per gallon for all Part 121 and Part 135 air carriers for FY2015 is proposed. This fee was accepted by the Airlines with the proviso that it be reviewed on an annual basis.

The effective date of all fuel flowage fee adjustments would be July 1, 2015. The existing Fuel Farm Agreements with Signature Flight Support and Atlantic Aviation would be amended to reflect these changes.

### Budget/Financial Information

The proposed change in fee rates are projected to result in increased revenue to the Airport of approximately \$175,000 for FY2015.

### General Aviation Subcommittee

The General Aviation Subcommittee met on March 6, 2014 to discuss the proposed changes to the fuel flowage fees. Signature Flight Support and Atlantic Aviation were invited to be present, but were not able to attend. In subsequent discussions with Airport Staff, they indicated that the implementation of an increase in Jet A would not present a problem, and that they were willing to amend their leases to provide for the implementation of a fuel flowage fee for the commercial carriers.

The General Aviation Subcommittee recommends approval.

	Airport Name	Classification	Fuel Flowage Fee Per Gallon	Fee paid on Fuel Delivered or Gallons Sold?	Do Commercial Carriers pay in to plane fees?	Any exemptions from Flowage Fees?
1	Geo. Bush - Houston	Primary - Commercial	\$0.06	Fuel Delivered		No
	Wm. P. Hobbs	Primary - Commercial	\$0.06	Fuel Delivered		No
	Ellington Airport	Reliever	\$0.06	Fuel Delivered		No
2	Dane County Regional	Commercial Service	\$0.08	Fuel Delivered		Signatories Exempt
3	Ted Stevens - Anchorage	Commercial Service	Sig: \$.027 Non- sig \$.067	Fuel Delivered		No
4	Fort Wayne International	Primary - Commercial	\$0.08	Fuel Delivered		No
	Smith Field	GA	\$0.07	Fuel Delivered		No
5	Tulsa International	Primary - Commercial	\$0.10	Fuel Delivered		Signatories & Military
	Jones Riverside Airport	Reliever	\$0.10	Fuel Delivered		No
6	Gerald R. Ford, Gd Rapids	Primary - Commercial	\$0.09	Fuel Delivered		Airlines Exempt
7	San Antonio International	Primary - Commercial	\$0.075	Fuel Delivered		Airlines pay Landing Fees Only
	Stinson Municipal	Reliever	\$0.05	Fuel Delivered		No
8	Manhattan Regional	Primary - Commercial	\$0.07	Fuel Delivered		No
9	Birmingham	Primary - Commercial	\$0.06	Fuel Delivered		No
10	Savannah/Hilton Head Int.	Primary - Commercial	\$0.025	Fuel Delivered		No
11	Mineta San Jose	Commercial & GA	\$0.10	Fuel Sold - GA, Gals delivered Cargo, Military, and Itinerant		Sig and Non- Sig Airlines
12	Bangor International	Commercial	\$0.03	Gals Sold	Bangor owns and operates the FBO - would be pass through	FBO GA sales
13	Palm Beach International	Commercial & GA	\$0.05	Gals Sold		Sigs, some Non-Sigs and Military
14	Metro Nashville International	Primary - Commercial	\$0.08	Gals Sold		Sigs
15	Cleveland Hopkins Int.	Primary - Commercial	\$0.07	Fuel Delivered		Sigs
	Burke Lakefront	Reliever	\$0.07	Fuel Delivered		Sigs
16	Little Rock National	Primary - Commercial	\$.076 for FBOs	Gals sold		No
17	Mpls/St. Paul International	Primary - Commercial	None - implementing in 2013	Gals Sold		Sigs & Airlines operating in Terminal environment
18	Denver International	Primary - Commercial	\$0.08	Fuel Delivered		Scheduled air & cargo carriers, charter, regional commuters, & airtaxi operators
19	Spokane International	Primary - Commercial		Gals Sold		No
20	Jacksonville Int.	Primary - Commercial	GA - \$.10 Non-Sig \$.02	Gals Sold		No
	Cecil	GA	GA - \$.09 Military \$.02	Gals Sold		No
	Jacksonville Executive	GA/Reliever	GA - \$.06-\$.08	Gals Sold		
21	John Wayne	Commercial & GA	GA - \$.06			
22	Modesto City - County		\$0.07		Commercial Airlines Pay	

23	Oregon - State Owned		\$0.08			
24	Van Nuys	GA	\$0.11			
25	Santa Maria	Commercial & GA	\$0.06			No
26	Pierson Field	GA	\$0.07			
27	Portland International	Commercial	\$0.08	Fuel Delivered		Sigs & Ordinance Carriers
	Hillsboro		\$0.07			
	Troutdale		\$0.06			
28	San Diego International	Commercial & GA	\$0.05			Sigs
29	Bob Hope - Burbank	Commercial	\$0.05			Sigs
30	Reno-Tahoe	Commercial	\$0.07			
31	San Diego County	Commercial & GA	\$0.04 (raising this year)			No
32	Juneau		\$ .155 Sig 12,500 lbs or less, Sig over 12,500 lbs \$ .085, Non-Sig \$ .195			
33	Boise		\$0.05	Fuel Delivered		Sigs & Sig Cargo
34	Oakland		0.085 if contractual, \$.21 if non-contractual			
			Av .07			